

Message Text

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ACTION EB-11

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SUBJ: SALZBURG CONFERENCE OF SMALLER STATES - AUSTRIAN PROPOSAL
FOR MARSHAL PLAN FOR LDCS

REF: (A) VIENNA 224, (B) VIENNA 475

SUMMARY. GOA PLANS PUT FORWARD QTE MARSHALL PLAN FOR LDCS
UNQTE AS EUROPEAN INITIATIVE, PARTICULARLY VIS-A-VIS OIL
PRODUCING STATES. GOA BELIEVES SUCH PLAN WOULD BE USEFUL IN
DEALING WITH ANTICIPATED RECESSION IN EUROPEAN ECONOMIES AND
THUS BENEFICIAL TO BOTH RECIPIENT AND DONOR. GOA DETERMINED
FLOAT THIS PROPOSAL EITHER IN FORTHCOMING SALZBURG CONCLAVE
(FEB 2-4) OR IN OECD. GOA HAS REQUESTED OUR VIEWS ON MOST
APPROPRIATE INTERNATIONAL FORUM TO PRESENT THIS COMCEPT.
END SUMMARY.

1. DURING LENGTHY TALK WITH DCM AND ECONCOUNS, STATE SECRETARY
VESELSKY AGAIN HELD FORTH ABOUT KREISKY'S INTENTION TO DISCUSS
AT SALZBURG CONFERENCE OF SMALLER STATES POSSIBILITY OF
DEVELOPING SOME SORT OF "MARSHALL PLAN" FOR LDCS. VESELSKY
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SAID PROPOSAL WAS FIRST LAUNCHED BY KREISKY IN 1972, AND

IT IS NOW BEING DUSTED OFF ON FOLLOWING PREMISES:

- A. EUROPEAN AND OTHER FREE-WORLD COUNTRIES ARE IN FOR RECESSION AND SERIOUS UNEMPLOYMENT.
- B. A "MARSHALL PLAN" TYPE ASSISTANCE PROGRAM TO LDCS WOULD HELP STIMULATE ECONOMIES OF DONOR COUNTRIES.
- C. PLAN WOULD WORK WITHIN FRAMEWORK OF EXISTING INSTITUTIONS, PRINCIPALLY OECD.
- D. IF PLAN PROVES SUCCESSFUL, IT COULD BE LURE FOR ARAB COUNTRIES PARTICIPATION, WHICH IN TURN WOULD HELP SIPHON OFF SOME OF THEIR EXCESS WEALTH.
- E. PLAN WOULD BE DIRECT MODEL OF ORIGINAL MARSHALL PLAN.

2. ON BASIS ABOVE PREMISES, VESELSKY FEELS THAT THERE IS MUTUAL BENEFIT IN SUCH A SCHEME FOR BOTH RECIPIENT AND DONOR AND THAT PLAN COULD SERVE AS CATALYST FOR MULTILATERAL ACTION IN DEALING WITH GROWTH PROBLEMS OF OIL PRODUCING COUNTRIES.

3. VESELSKY ENVISAGED PARTICIPATION BY NON-EUROPEAN COUNTRIES AS WELL AS INTERNATIONAL FINANCIAL INSTITUTIONS BUT ADDED THAT GOA DID NOT WISH TO FLOAT FORMAL PROPOSAL WITHOUT FIRST CONSULTING U.S. HE SAID GOA HAD NOT CONSULTED WITH ANY OTHER COUNTRIES. VESELSKY SPECIFICALLY ASKED FOR USG OPINION AS TO WHETHER SALZBURG WAS APPROPRIATE MEETING FOR MAKING "MARSHALL PLAN" PROPOSAL OR WHETHER IT MIGHT BE BETTER TO RAISE IT IN OECD.

4. VESELSKY WAS UNWILLING TO SPECULATE ON ORDER OF MAGNITUDE OF PROGRAM BUT SAID IT, OF COURSE, MUST BE MUCH MORE THAN THE DOLS 200 MILLION FIGURE CITED IN 1972. EMBOFFS AGAIN EMPHASIZED THAT IMPLICATIONS OF "MARSHALL PLAN" IDEA SHOULD BE CAREFULLY CONSIDERED AND THAT IN ANY CASE OECD WOULD APPEAR TO BE MORE APPROPRIATE FORUM FOR DISCUSSING THIS TYPE OF PROGRAM. VESELSKY REITERATED HIS INTEREST IN RECEIVING WASHINGTON REACTION BEFORE DECIDING ON HOW TO ADVISE CHANCELLOR KREISKY.

5. COMMENT: IT IS CLEAR KREISKY HAS MADE UP HIS MIND TO PURSUE "MARSHALL PLAN" IDEA, BUT VESELSKY HIMSELF IS UNCERTAIN ABOUT APPROPRIATENESS OF SALZBURG MEETING FOR FLOATING SUCH A PROJECT. GOA EVIDENTLY SENSITIVE TO WASHINGTON VIEWS IN LIGHT OF FORTHCOMING ENERGY CONFERENCE. IF DEPT FEELS, AS WE DO, THAT OECD IS MORE APPROPRIATE ORGANIZATION FOR DISCUSSION OF

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AID PROGRAMS, WE MAY BE ABLE TO DEFLECT AUSTRIAN INITIATIVE ON "MARSHALL PLAN" AT SALZBURG CONCLAVE. FROM WHERE WE SIT, OECD WOULD BE MORE APPROPRIATE FORUM FOR AIRING THIS TYPE PROPOSAL; IT WOULD ALSO AFFORD U.S. BETTER OPPORTUNITY TO CHANNEL ENERGY OF GOA PLANNERS IN SUPPORT OF USG POLICIES AS THEY WILL DEVELOP AS RESULT OF WASHINGTON ENERGY MEETING.

6. DEPT'S GUIDANCE IS REQUESTED ASAP SINCE GOA IS FINALIZING
ITS OWN POSITION FOR SALZBURG DURING NEXT FEW DAYS. HUMES

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